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23 April 1964

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CENTRAL INTELLIGENCE BULLETIN

CURRENT INTELLIGENCE RELATING TO NATIONAL SECURITY

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State Dept. review completed

23 April 1964

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*Laos: Vientiane remains outwardly calm, as Lao military and political leaders continue their efforts to resolve the current crisis.

King Savang yesterday affirmed to Western diplomats his continued recognition of Souvanna's coalition government and characterized last Sunday's coup as "stupid" and "destructive."

The King said he had dissuaded Souvanna, who returned to Vientiane late yesterday, to stick it out as premier. Savang also intimated that he had charged Phoumi to clean up the situation in Vientiane, by force if necessary.

Meanwhile, coup leaders express strong opposition to any return to the status quo ante. General Siho, in a press interview yesterday, expressed hope that agreement could be reached "without unnecessary bloodshed," but warned that if the coalition did not resign it would "suffer the consequences."

The coup group has had little success in its efforts to win support from key military leaders outside the capital. The majority of the Lao generals probably are waiting for a cue from General Phoumi who is now in Vientiane and in contact with the revolutionary committee. Several of the generals were slated to meet Wednesday in Savannakhet, possibly to plan a countercoup to be implemented if Phoumi fails to resolve the crisis through negotiation.

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<u>Panama</u>: Arnulfo Arias' widening lead in the campaign for the 10 May presidential elections may provoke severe and widespread violence.

US Ambassador Vaughn comments that Arias, an "egocentric mystic who regards himself as a man of destiny," is popular among the poorer classes and has become a symbol of the widespread and growing popular resentment against Panama's entrenched oligarchy. The ambassador believes that the oligarchy, which is dividing its support between two presidential candidates, is near desperation and is likely to pull out all stops in its effort to defeat Arias.

Shooting incidents involving followers of Arias and Marco Robles, the government candidate backed by the larger segment of the oligarchy, have already occurred. Still more serious violence is expected.

The ambassador reports that a popular uprising could occur if the government uses its control of the election apparatus and the security forces to prevent an Arias victory.

The ambassador believes that the erratic and unpredictable Arias would run a one-man, mismanaged administration. A victory for Robles, on the other hand, would prolong the power of the same interests which have long misgoverned the country.

British Guiana - UK: In the Commons debate scheduled for 27 April the Labor Party may take a stand against the government's plan for preindependence proportional representation elections in British Guiana.

Labor's chief whip has told the US Embassy that there is strong opposition among Labor Party MPs to proportional representation as un-British, unworkable, and blatantly anti-Jagan. He admitted, however, that Labor does not have an agreed alternative solution.

The Colonial Office is now considering holding the Guianese elections in November. An official speculated that a Labor government might decide not to stop the "already running machinery" despite its disapproval.

Zanzibar: Foreign Minister Babu's absence has encouraged his African rivals within the regime to plot his ouster and the neutralization of his predominantly Arab supporters.

Babu is scheduled to stop in Pakistan today for a short stay. He is en route home from a five-day visit to Indonesia. His absence has given rise to rumors that he will not be allowed to return, that his lieutenants are to be transferred abroad, and that his security chief may be removed from command.

Increasing animosity between Arabs and Africans within the regime could lead to the ouster of Babu's pro-Chinese Arabs. Vice President Hanga and other pro-Soviet Africans would then presumably take con-

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Karume recently has reversed his hostile attitude toward the US, and has reportedly ordered anti-US demonstrations and press attacks to cease.

The 200 Tanganyikan police on Zanzibar might be a factor favoring the "Africans." Tanganyika's leftist Defense Minister Kambona almost certainly would support his friend Hanga and President Karume.

On 18 April orders were issued in Tanganyika to evacuate the Tanganyikan force, but the order was rescinded after Karume--with Hanga's approval-made a quick trip to Dar-es-Salaam. Kambona and another Tanganyikan minister arrived in Zanzibar vesterday, and President Nyerere was expected momentarily.

(continued)

The outcome of an Arab-African struggle is uncertain, however. Babu is one of the most able men in Zanzibar. His followers are the best disciplined and his Cuban-trained security force appears to control most of the automatic weapons.

Burma: Ne Win is courting trouble with his Buddhist opposition at the same time that his insurgency problem is growing.

On 18 April Ne Win warned Buddhist monks to concentrate on religion and stay out of politics, and announced that all Buddhist organizations would be required to register with the government. Hitherto, Ne Win has carefully avoided a confrontation with the Buddhist clergy, who have been carrying on the only significant overt opposition to the regime.

The monks are capable of generating widespread discontent among the general population. Twenty million of Burma's 24 million people are Buddhists.

Ethnic insurgents in the Kachin State in northern Burma are expanding their operations and gaining broad popular support. Government control for some time has been limited to principal garrison towns and isolated outposts in this area.

NOTES

USSR: The announced economic results for the first quarter of 1964 show that performance continues to be sluggish. Industrial output increased at only about 8 percent--the lowest rate claimed thus far in the Seven-Year Plan (1959-65). Chemical production achieved the largest increase of the major industrial sectors, but it has yet to reach the tempo required if the new plans adopted last December are to be met. There was some improvement in the output of consumer durables such as washing machines and refrigerators, but processed foods production fared badly, reflecting the poor agricultural performance last vear.

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Chile-Cuba: Che Guevara, 25X1 has boasted that Chile will be the next Latin American country to enter "our" camp. This statement presumably reflects confidence on Guevara's part that Communist-Socialist candidate Salvador Allende will be victorious in the presidential election on 4 September. Allende, who has visited 25X1 Cuba often and is closely acquainted with Cuban leaders, is receiving campaign funds from Havana. I

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West Germany - Communist China: A senior official of the West German Consulate General in Hong Kong will visit the Canton trade fair next week and may go on to Peiping. The official has indicated that the visit does not mean any important change in German policy, but is intended to counter criticism from German business and press groups who blame the government for the decline in Sino-German trade. The visit was to have taken place earlier, but was postponed to avoid possible misunderstanding at the time of Paris' recognition of Peiping.

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NATIONAL INTELLIGENCE ESTIMATE

The United States Intelligence Board approved the following national intelligence estimate on 22 April 1964:

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